

highlights

a weekly digest of recently released British Columbia statistics

Labour Force

- **British Columbia's unemployment rate jumped 0.8 percentage points in May to 9.5% (seasonally adjusted) following a decline (-0.3 percentage points) in April.** This was the result of a fall in employment (-0.6%) coupled with an increase (+0.3%) in the labour force.

The Canadian unemployment rate inched up 0.1 percentage points to 7.7%. The driving force behind this was a 0.3% increase in the labour force which more than outweighed a 0.2% gain in employment. Unemployment in Alberta jumped to 5.9%, leaving room for Manitoba to post the lowest jobless rate in the country (5.4%). Newfoundland had the highest jobless rate—16.8%, up from 15.3% in April. Unemployment in Ontario remained at 7.0% for the third month in a row.

Source: Statistics Canada

- **For the second consecutive month, each of BC's seven regions experienced an increase in their unemployment rate (3-month moving average) in May compared to the same month of 2001.** Cariboo posted a jobless rate of 14.7%, up 4.8 percentage points from May of last year. North Coast/Nechako (+4.2 percentage points) and Northeast (+4.2 percentage points) saw their unemployment rates climb. The unemployment rate in Mainland-Southwest was 8.3%, up from 5.7% a year earlier.

Source: Statistics Canada

- **Both full-time (-0.1%, seasonally adjusted) and part-time (-2.1%) employment in the province dropped.** Men were hardest-hit by the job losses, with employment declining 1.0% in May. The number of women with jobs was virtually unchanged from April (-0.1%). There was a 0.8% increase in the number of women working full-time but a 1.9% decline in those with part-

time positions. Both the number of men working full-time (-0.8%) and part-time (-2.5%) decreased.

Source: Statistics Canada

- **Employment in both the goods (-0.7%, seasonally adjusted) and service (-0.5%) sectors fell in May.** On the goods side, there was a 7.3% drop in the number of people working in forestry, fishing or mining and employment in manufacturing industries fell 3.2%. The number of workers in agriculture climbed 9.8%. In the service sector, employment was down 3.7% in educational services. Accommodation and food service establishments employed 3.3% fewer workers in May. Employment in transportation and warehousing industries gained 0.9%.

Source: Statistics Canada

The Economy

- **There were 846 consumer bankruptcies in the province in April, up from 744 a year earlier.** Business bankruptcies totaled 119, a 29.3% increase over the same period. Sixteen establishments in the construction industry filed bankruptcy papers. Total liabilities of businesses that filed for bankruptcy in April were \$1.3 billion. By comparison, the total liabilities of bankrupt firms in March were \$21.4 million. The huge increase in liabilities was attributable to the forest sector, which has been pummeled by punishing US duties on lumber exports. The 8 firms in logging and forestry industries that declared bankruptcy accounted for almost all (98%) of the liabilities.

Source: Industry Canada

- **Investment in residential construction in the province jumped 20.5% in the first quarter, compared to the same period of 2001.** Canada-wide residential construction investment climbed 15.1%. Yukon (-13.2 %) and Nunavut

Did you know...

Growing up on the wrong side of the tracks doesn't necessarily affect your earnings potential. A study of youths from different Toronto neighbourhoods found that there was little difference in the earnings and educational achievements of those who grew up in low- and middle-income areas of the city.

(-15.1%) saw the only declines. Quebec posted the biggest gain (+22.2%). *Source: Statistics Canada*

- The value of building permits issued in the province climbed 13.5% (seasonally adjusted) in April, the fifth consecutive monthly increase. Both residential (+12.3%) and non-residential (+16.6%) permits were up. Nationally, building permits rose 5.6%, with residential permits jumping 10.1% and non-residential permits falling 3.0%. The biggest provincial gain was posted in Saskatchewan (+51.0%).

Source: Statistics Canada

- The help-wanted index for BC slipped 0.1% (seasonally adjusted) in May. Across the country, the index inched up 0.2%. New Brunswick posted the largest gain (+5.9%) followed by Prince Edward Island (+5.2). Alberta (-1.5%) and Newfoundland (-1.5%) saw the largest declines.

Source: Statistics Canada

Shipping News: Port of Vancouver

- In the first quarter of 2002, the Port of Vancouver handled 16.3 million tonnes of cargo. This was substantially (-11.8%) less than the 18.5 million tonnes of cargo handled in the same period last year. Foreign cargo tonnage made up 96% of the total and domestic tonnage contributed the other 4%. The volume of foreign cargo handled was down 10.7%, while domestic cargo plunged 30.0%. *Source: Vancouver Port Authority*

Home Invasions

- Home invasions accounted for 7% of all robberies reported to the police between 1995 and 2000. Over half (55%) of home invasions involved the presence of a weapon, with knives (21%) being the most commonly used weapon. Almost half (47%) of home invasion incidents resulted in physical injuries to the victim; 38% were minor injuries while the other 8% resulted in major injuries. Seniors were more likely to be victims of home invasions compared to other robbery crimes. Seventeen percent of home invasion victims were seniors compared to 6% of all other types of robbery. In 68% of home invasion cases where the relationship between the victim and the accused was known, the accused was a stranger. Another 21% were casual acquaintances of the victim. In 11% of home in-

vasions the accused was a family member, friend or business associate of the victim.

Source: Statistics Canada

Sentencing

- A total of 3,067 conditional sentences were handed out in BC in 2000/2001 up from 2,304 a year earlier. Of these, 37% were a result of a property offence while 24% were given out as a result of a violent offence. Canada-wide (excluding Manitoba, NWT and Nunavut) there were 16,400 conditional sentence admissions.

Source: Statistics Canada

Tourism

- Hotel occupancy rates in BC fell 1.3 percentage points in April to 58.8% (compared to April 2001). Occupancy rates in Greater Vancouver dropped 2.6 percentage points, to 60.3%. Vancouver Island saw a 3.4 point gain in occupancy rates. Rates rose in Campbell River (+12.2 percentage points), greater Victoria (+1.5 percentage points) and Nanaimo (+7.0 percentage points). The average nightly room rate in BC was \$105.64 in April, up from \$104.88 a year earlier. Room rates in Whistler dropped 8.0%. In Greater Vancouver there was a 3.2% increase in the average nightly room rate.

Source: Pannell Kerr Forester

E-Business

- Only 68% of small firms in Canada had internet access in 2001, compared to 91% of medium-sized firms and 94% of large firms. Of all firms, 29% had their own website, up 3% from the previous year. Large firms were the most likely (74%) to have websites, while 57% of medium and 24% of small firms had their own website. Firms with websites made 81% of Canada's gross business income. The proportion of firms selling online slipped to 7% in 2001, down from 10% in 1999. Despite this, the dollar value of online sales more than doubled (+148%) from 1999 to 2001. Total sales reached \$10.4 billion. Only 6% of small firms were selling online last year compared to 12% of medium sized firms and 15% of large firms.

Source: Statistics Canada

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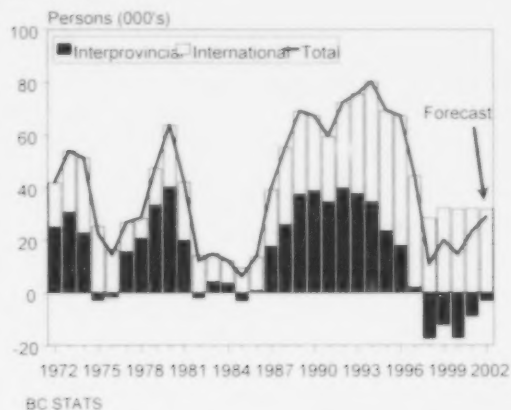
B.C. Migration—Outlook for 2002

Summary

During 2002, the population of British Columbia is expected to increase by 28,800 persons due to migration from other provinces and other countries. This is stronger than the net inflows of the previous four years as a result of an improving outlook for interprovincial migration. During the course of 2002, the net outflows to other provinces are expected to become smaller.

Net migration to B.C. is expected to recover partially in 2002.

Net Migration

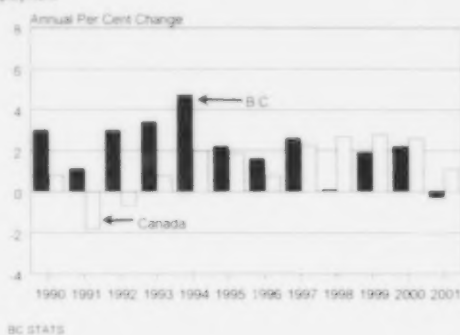


During the late 1980s and early 1990s, migration to British Columbia from the rest of Canada and the rest of the world exhibited large increases reaching a peak of 80,000 persons in 1994. The large inflows of population to B.C. strengthened total consumer spending and residential investment. This increase in economic activity, in turn, created jobs and income within the province. From 1990 to 1994, B.C. had the highest rate of job creation of any province in Canada, and from 1995 to 1997 B.C.'s employment growth continued to be above the national average. However, in the last four years employment growth in B.C. has been much weaker than in the country as a whole. Last year Canadian employment growth

slowed to 1.1 percent but in B.C. the number of jobs fell (0.3 per cent) for the first time since 1983. The average 2001 B.C. unemployment rate increased by half a percentage point to 7.7 per cent, while the Canadian rate rose to 7.2 per cent.

The number of jobs in B.C. declined in 2001

Employment



Given the impact of population growth on labour markets and overall economic performance, it is important to examine what is in store for migration to British Columbia in 2002. Net migration to B.C. has been quite volatile over time. The record high net inflow during 1994 of 80,000 persons is in sharp contrast to the lows of 6,200 in 1985 and 11,200 in 1998. This volatility is one of the reasons why it is difficult to accurately predict migration. Most researchers would agree that the first step to forecasting migration is to isolate the factors that influence migration, then attempt to predict those factors. The task of isolating these factors is simplified by separating migration into the international and interprovincial components.

International Migration

Net international migration to British Columbia is driven largely by federal government policy with respect to immigration. The federal government sets an overall annual immigration planning level for Canada. These planning levels are not in-

tended to be rigid quotas and actual immigration may exceed or fall short of the planning level. In October 2001 the planning level was established for 2002 at 210,000–235,000 persons, 10,000 higher than in the previous four years. The long-term objective of moving gradually to immigration levels of approximately one per cent of Canada's population was also reaffirmed.

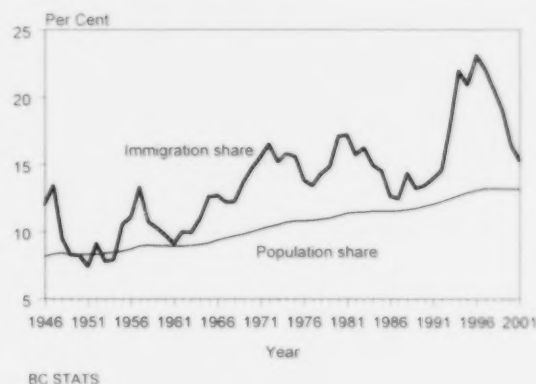
In the past two years actual immigration surpassed the upper end of the range whereas in both 1998 and 1999 it was below the lower end. The lower than expected intake of immigrants in 1998 and 1999 was mainly due to lower immigration from Asia, resulting from weak economic conditions there and the anticipated drop in immigration from Hong Kong following the hand-over to China in mid-1997. The higher intake of immigrants in 2000 and 2001 was partly a result of improved operational procedures for processing applications.

The planned immigration intake since 1990 is shown in the following table along with actual immigration to Canada and the B.C. share. The steady increase in immigration to Canada experienced since the mid-1980s levelled off to between 212,000–226,000 persons annually over the 1994–1997 period. Immigration to Canada in 1998 weakened as a result of events in Asia, and has picked up again in the last three years. The current forecast assumes that Canadian immigration will be near the high end of the 2002 planning range.

Starting in 1993, British Columbia experienced a significant increase in its share of immigrants coming to Canada. B.C.'s immigration share peaked in 1996 at 23 per cent and has been trending down since, reaching 15.3 per cent in 2001. Although B.C.'s share has fallen by five percentage points since 1998, the actual number of immigrants to the province has increased slightly from 36,000 in 1998 to 38,400 in 2001.

Canadian Immigration			
Year	Planning Level	Actual	B.C. Share
	(000s)	(000s)	(%)
1990	200	214	13.4
1991	220	231	13.9
1992	250	253	14.5
1993	250	256	17.9
1994	250	224	21.9
1995	190–215	212	20.9
1996	195–220	226	23.0
1997	195–220	216	22.0
1998	200–225	174	20.6
1999	200–225	190	19.0
2000	200–225	227	16.5
2001	200–225	250	15.3
2002	210–235		

B.C.'s share of immigrants to Canada has been on a downward trend since 1996.



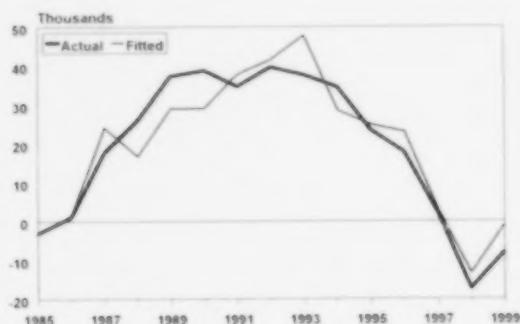
It appears that B.C.'s higher share of immigration in the 1994 to 1997 period was partly a result of lower immigration to Quebec. Quebec, which is the only province to have responsibility for the selection of some classes of immigrants, dropped its share of immigration from 18 per cent in 1993 to around 13 per cent over the 1994 to 1997 period. The Quebec share has increased by one to two percentage points in the last four years. However, it was Ontario's share that changed dramatically in the last two years, increasing from 55 per cent in 1999 to 59 per cent in 2001.

It is likely that B.C.'s share of Canadian immigration in 2002 will be around the 16 per cent mark. After accounting for changes in the other components of international migration such as emigration, net international migration to British Columbia in 2002 is expected to be 31,800 persons, down slightly from the 32,200 recorded in 2001.

Interprovincial Migration

Unlike international migration, interprovincial migration is not governed directly by government policy, but rather is influenced by a wide variety of economic, demographic, social and political factors. Many view interprovincial migration as a combination of "push" factors that pressure a migrant to seek better opportunities, and "pull" factors that attract a migrant to a particular location. Consequently, movement between provinces under this Push-Pull hypothesis results from differences in economic and non-economic conditions in respective regions.

Model of net interprovincial migration



The factors that draw Canadians to British Columbia are both economic and non-economic in nature. Non-economic factors such as climate or life-style are slow to change. Hence, it is the economic factors, or more specifically, the relative economic conditions between British Columbia and other parts of the country that must be considered when predicting changes to net interprovincial migration. These factors can cause interprovincial migration to swing quickly from net inflows to net outflows and vice versa. Unlike international migration, which tends to change gradually as a result of the administrative requirements and cost of moving to another

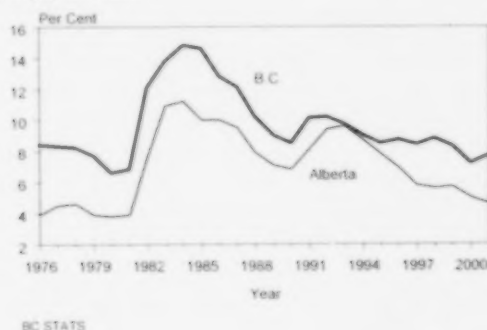
country, the decision to move to another province can happen relatively quickly and at a much lower cost, especially if the other province is in the same region of the country.

Statistical analysis indicates that over the past fifteen years, fluctuations in British Columbia net interprovincial migration have been correlated to a significant degree with relative differences in the British Columbia/ Alberta unemployment rates, as well as with differences in the growth of the British Columbia economy relative to the rest of Canada, as measured by real Gross Domestic Product¹. The preceding chart shows that, these variables, when combined in a regression equation, can predict with reasonable accuracy the actual net interprovincial migration for B.C.

Many other economic factors likely play a role in influencing population movement (e.g. housing prices); however, in many instances empirical data on these factors are not available for a sufficient historical period to conduct statistical analysis. In addition, in order to forecast migration, consideration must be given to the practicality of forecasting the theorised determinants of migration. Both these constraints put limits on the number and type of variables considered as drivers of interprovincial migration. Consequently, the factors noted above do not uniquely

In 2001 the gap between unemployment rates in B.C. and Alberta widened.

Unemployment Rates



¹ See "An Econometric Model Describing the Movement of the Population Between British Columbia and the Rest of Canada", Schrier and McRae, Population Section, BC Stats, Province of British Columbia, February 2000.

describe inter-provincial migration flows, but rather are the ones that fit the criterion of statistically significant correlation with past migration flows, and have the potential to be forecast themselves.

The levels of interprovincial migration from Alberta, Ontario and the rest of Canada are largely a reflection of the relative unemployment rates. Over the last twenty years with the exception of 1993, B.C. has always had a higher unemployment rate than Alberta (2.6 percentage points on average), but for much of that period, B.C. has received population from Alberta, the exceptions being the mid-seventies and early eighties, when the differential reached the 4 to 5 percentage point mark, and the last five years. During the 1997 to 2001 period, the difference between the Alberta and B.C. unemployment rates increased to 2-3 percentage points. As a result, the migration flow reversed, becoming large net outflows totalling almost 60,000 people over the five-year period and 9,500 people in 2001. It is anticipated that the outflow to Alberta will slow during 2002.

In the last five years overall economic growth in B.C., as measured by real GDP, has been much weaker than for the country as a whole. In 2001 the Canadian economy grew by 1.5 per cent, while economic indicators suggest that real GDP growth in this province was around 0.7 per cent. Economic growth in Canada is expected to be slightly weaker in 2002 than 2001, while B.C.'s growth is expected to remain about the same. Even if the recovery is faster than originally predicted, it is likely that B.C. will be slower to recover than the country as a whole, due to restructuring in the forest sector and the impact of the softwood lumber dispute, reduced tourism activity and provincial fiscal restraint. As a result, the inflow of people to B.C. from parts of the country other than Alberta is expected to be only slightly improved relative to 2001.

Given the above considerations, the net outflow of British Columbians to Alberta is expected to be partially offset by net inflows from the rest of the country, resulting in a projected net inter-provincial outflow of 3,000 persons in 2002, an improvement over the 2001 net outflow of 9,000 persons.

Risks to the Forecast

The main risk to the 2002 migration forecast is the interprovincial component. If the economic conditions in B.C. relative to the rest of Canada improve more slowly than anticipated, the net outflow of population could be larger than projected.

Another uncertainty is the forecast of B.C.'s share of Canadian immigration. If the share is lower than expected and the level of immigration to Canada follows the immigration plan, then the forecast of international migration to B.C. could be too optimistic.

However, if the U.S. and Canadian economies grow more strongly in 2002 than generally expected, this could have a positive effect on economic growth and job creation in B.C. The province would likely receive higher inflows of migrants from both other provinces and other countries.



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BC at a glance . . .

POPULATION (thousands)		% change on one year ago
	Jan 1/02	
BC	4,108.0	0.9
Canada	31,185.8	0.9
GDP and INCOME		% change on one year ago
(BC - at market prices)	2001	
Gross Domestic Product (GDP) (\$ millions)	130,396	2.2
GDP (\$ 1997 millions)	125,534	0.9
GDP (\$ 1997 per Capita)	30,648	-0.1
Personal Disposable Income (\$ 1997 per Capita)	19,177	0.8
TRADE (\$ millions)		% change on one year ago
Manufacturing Shipments (seas. adj.) Mar	2,854	-3.5
Merchandise Exports (raw) Mar	2,400	-17.8
Retail Sales (seasonally adjusted) Mar	3,300	5.9
CONSUMER PRICE INDEX		% change on one year ago
(all items - 1992=100)	Apr '02	
BC	117.7	2.3
Canada	118.4	1.7
LABOUR FORCE (thousands)		% change on one year ago
(seasonally adjusted)	May '02	
Labour Force - BC	2,145	1.5
Employed - BC	1,942	-1.3
Unemployed - BC	203	39.4
	May '01	
Unemployment Rate - BC (percent)	9.5	6.9
Unemployment Rate - Canada (percent)	7.7	7.0
INTEREST RATES (percent)		
	Jun 5/02	Jun 6/01
Prime Business Rate	4.25	6.25
Conventional Mortgages - 1 year	5.55	6.70
- 5 year	7.40	7.75
US/CANADA EXCHANGE RATE		
	Jun 5/02	Jun 6/01
(avg. noon spot rate) Cdn \$	1.5351	1.5246
US \$ (reciprocal of the closing rate)	0.6525	0.6554
AVERAGE WEEKLY WAGE RATE		% change on one year ago
(industrial aggregate - dollars)	May '02	
BC	670.27	3.2
Canada	650.33	2.4

SOURCES:

Population, Gross Domestic Product, Trade, } Statistics
 Prices, Labour Force, Wage Rate } Canada
 Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
 For latest Weekly Financial Statistics see www.bankofcanada.ca

Major Projects Inventory

New Internet Site

Major capital projects in British Columbia will provide jobs around the planning and construction phase and then continuing employment for the normal operation of the project. There are opportunities for job seekers, construction workers, suppliers, caterers, accommodation providers, contractors, and many other specialties. Local economies experience many direct and indirect benefits and as a result may attract additional investment.

BC STATS has developed an Internet site based on the MPI database. Tap in today and find the opportunity for you.

www.made-in-bc.ca/mpiHome.html

Released this week by BC STATS

- Tourism Sector Monitor, May 2002

Next week

- Labour Force Statistics, May 2002

